
**DEPARTMENT OF HUMAN SERVICES
FAMILY INDEPENDENCE
FOOD STAMPS**

AFDC Reference

CFR 273.10(c)

Section: **FS-555-1**

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INCOME AND DEDUCTIONS

Treatment of Income

GENERAL RULE - For purposes of determining eligibility and benefit level the income already received during the certification period and any income which can be reasonably anticipated during the remainder of the certification period shall be taken into account. If the amount of income anticipated or month of receipt is uncertain, that portion of the household's income which is uncertain shall not be counted. For example, a household anticipating income from a new source, such as a new job or pending AFDC benefits, may not be sure of the timing or amount of the first payment. Such income shall not be anticipated unless there is reasonable certainty concerning the month in which it will be received and what the amount will be. When the exact amount is not known, only that portion of it which can be anticipated with reasonable certainty shall be considered as income.

NOTE: For households with members who are non-citizens funded by Federal and State funds, see Sect. 444-11.

The best estimate of income is based on the recipient's and the Eligibility Worker's reasonable expectations and knowledge of current, past and future circumstances. In determining the best estimate of income, the Eligibility Worker shall use the concepts of significant and non-significant income changes and the income averaging techniques described below. The method of determining the best estimate of income must be clearly documented in the case record.

SIGNIFICANT INCOME CHANGES

Significant income changes are defined as changes in sources of income or amounts greater than \$25 per month which are:

- a. expected to continue into the future; or
- b. short term, but will continue long enough to affect at least one allotment.

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Some examples of significant income changes include starting a job, gaining a new source of unearned income, losing a job or unearned income, permanent or long term changes in hours worked and/or rate of pay, permanent full-time employment, beginning to work piece-work or overtime, promotion, changing employers, short term plant closings or periods of absence without compensation, and other similar changes.

The Eligibility Worker shall use information about past significant changes of a continuous nature in estimating future income. For example, if a client had received an increase in the hourly wage in the recent past, the worker will not use wages received prior to the pay raise in determining the best estimate of future income. An average of the hours worked per week multiplied by the new hourly wage shall be used in determining the estimate.

NON-SIGNIFICANT INCOME CHANGES

Non-significant income changes are defined as temporary, very short term variations in the earned or unearned income amount caused by a situation which is not of an ongoing nature or which is of a variable nature. Some examples are previously anticipated fluctuations in wages, occasional changes in wages due to unpredictable overtime, unpaid absences, or occasional illness.

When non-significant income changes are reported between reviews, it may not be necessary to redetermine eligibility and benefits. Non-significant changes are, however, taken into consideration when determining the best estimate of income at the next regularly scheduled redetermination.

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Unless the income is averaged, it shall be counted as income only in the month it is received. Whenever a full month's income is anticipated but is to be received on a weekly or biweekly basis, it shall be converted to a monthly amount by multiplying weekly amounts by 4.3 and biweekly amounts by 2.15. When less than a full month's income is anticipated, the actual amount of anticipated monthly income shall be used.

With the exception of migrant farm worker households which are destitute, households may elect to have income averaged. Households which, by contract or self-employment derive their annual income in a period of time shorter than a year shall have that income determined in accordance with FS-444-2.

Households receiving scholarships, deferred loans, or other educational grants shall have such income averaged over the period for which it was provided (FS-444-7).

Nonrecurring lump sum payments shall be counted as assets starting in the month it is received. They shall not be counted as income in determining Food Stamp eligibility and benefits amounts.

Annuities and lottery winnings that are paid annually will be averaged over a twelve (12) month period.

Wages held at the request of the employee shall be considered income in the months they would otherwise have been paid. Wages held by an employer as a general practice shall not be counted until they are expected to be received. Advances on wages shall be counted when reasonably anticipated.

Households receiving income on a recurring monthly or semimonthly basis shall not have their monthly income varied merely because of changes in mailing cycles or pay dates or because weekends or holidays cause additional payments to be received in a month.

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INCOME AVERAGING

The steps below are followed to determine the best estimate of income.

1. Income received within a minimum time frame of two months (usually eight consecutive weeks) immediately preceding the application or review must be verified. All earned and unearned income received within this eight week period **MUST** be verified even if all eight weeks income is not used to calculate the best estimate.
2. Determine, through a careful review of the income documentation and discussion with the client, if there have been any significant income changes during the two month period. If there have been, and the change is of a continuous nature, the changes must be taken into consideration when determining the best estimate. For example, if a recipient has received an increase in hourly rate, the new hourly rate must be multiplied by the appropriate number of hours (either stable or averaged) to determine the anticipated income.
3. Determine if any significant income changes are expected in the future. If yes, and the exact nature of the significant income change is known, the worker shall use that information in determining the best estimate of income. If the exact nature of the anticipated change is not known a recall shall be scheduled to coincide with the expected date.

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4. Determine, through careful review of the documentation, the case record, and discussion with the recipient if any of the income received is not expected to be representative of the future. For instance, the first pay check of new employment may not represent a full pay period, or a missing week's income may represent a summer plant closing which is not anticipated to occur in the next review period. Non-representative income (or lack of income) is not used in calculating the best estimate. The case record must be clearly documented to explain why any income was not used, and to show how the best estimate was figured.
5. If income fluctuates to the extent that an eight week period is not expected to provide the best estimate of income for the future review period, the Worker can use information covering a longer period of time. If the income is from self-employment the Worker may use the most recent tax year's income. Similarly, if income fluctuates seasonally, it may be more appropriate to use the most recent season comparable to the upcoming review period as a basis for determining the best estimate taking into account any anticipated changes.
6. The final step is to average the income that has been determined representative by the Eligibility Worker. If there were significant income changes, averaging is used only for the period of time not affected by the significant change-e.g., if the rate of pay increased, only the hours worked are averaged. The average hours multiplied by the increased rate of pay is then used to determine eligibility and benefits for the next review period.

NOTE: If income does not fluctuate it is not necessary to average the income, but simply enter it as received.

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TANF or PaS Reference

CFR 273.9(b)(i)

Section: **FS-555-2**

INCOME AND DEDUCTIONS

Earned Income

GENERAL RULE - Count all earned income from any source, excluding only those items listed under Exempt Income (FS 555-4).

EARNED INCOME INCLUDES:

1. Wages and Salaries - Include payments such as: gross earned income (before any payroll deductions), tips, commissions, etc. Workfare assistance payments are considered unearned income.
2. Self-Employment - Income derived from any self-employment activity (FS-444-2)

Types of self-employment may include:

- a. Independent contractors, franchise holders, owners/operators, farmers, people who produce and sell a product, and service-type businesses;
- b. seasonal self-employment such as fishing, clamming, worm digging, logging, etc.;
- c. income from boarders (FS444-3);
- d. income from roomers (FS 444-2);
- e. ownership of rental property if a household member is actively engaged in the management of the property on an average of at least twenty hours per week. See FS 555-3 for those households not actively engaged in property management.

Same
Chap. II, Sec. C,

Same
Chap. II, Sec. C,

Different
Chap. II, Sec. D,

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TANF/PaS: III Med: 2312, 3410 CFR 273.9(b)(i)

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INCOME AND DEDUCTIONS

Earned Income

3. Training Allowances - That portion of training allowances which exceeds expenses, and represents a gain or benefit to the household.
4. W.I.A. - On the job training WIA earnings of household members except for dependents less than 19 years old and, regardless of age, except for participants in the Summer Youth Employment and Training Program and comparable summer youth employment and training programs under Americorps.
5. Attendant Care Payments - Attendant care payments *provided by an outside source* if the person providing the care is a household member.

NOTE: see FS-555-3, page 2, #9 for treatment of similar income as unearned income and FS-555-4, page 2, #7 for treatment of similar income as excluded income.

VERIFYING EARNED INCOME:

ACCEPTABLE VERIFICATION (Not all Inclusive):

- Pay stubs (if complete)
- Pay envelopes (if complete)
- W-2 Form
- State or Federal Income Tax Return
- Self-employment bookkeeping records
- Sales and expenditure records
- Employer's statement (signed and dated by employer)
- Employer's wage record
- Employment Security Office records

HOUSEHOLDS HAVE THE PRIMARY RESPONSIBILITY TO PROVIDE VERIFICATION OF EARNED INCOME - If necessary, the agency will assist the household in securing the required verification.

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TANF or PaS Reference

CFR 273.9(b)(2)

Section: **FS-555-3**

INCOME AND DEDUCTIONS

Unearned Income

GENERAL RULE - Countable unearned income includes, but is not limited to:

Different
Chap. II, Sec. C,

1. Assistance Programs - Payments from SSI, TANF or PaS, or other means tested assistance. TANF or PaS payments which are diverted to a third party shall be counted as income. See FS 555-4 for certain exclusions. Assistance payments from programs which require the performance of work without compensation other than the assistance payment shall be considered unearned income.

Different
Chap. II, Sec. C,

2. Other Payments such as, but not limited to: Pensions, annuities, retirement, disability or veteran's benefits, unemployment insurance, workers comp., social security, dividends, interest, royalties, income from installment contracts (both principal and interest), strike benefits, and payments from government programs not specifically excluded by law.

Same
Chap. II, Sec. B,

3. Trust Funds - Money received from a trust is income

Different
Chap. II, Sec. D,

4. Rental Income - Gross income, less the cost of doing business (FS 444-2).

EXCEPTION: If any household member is actively engaged in management of the property on an average of at least 20 hours per week, consider as earned income (FS 555-2).

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TANF or PaS Reference

CFR 273.9(b)(2)

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INCOME AND DEDUCTIONS

Unearned Income

Different
Chap. II, Sec. A,

5. Child Support or Alimony - Payments made directly to the household, including the pass through and gap supplements. Money deducted or diverted from court ordered support or alimony to pay household expenses is also counted as income.

Different
Chap. II, Sec. C,

6. Income from Sponsors of Aliens - See FS 444-1.

Different
Chap. II, Sec. C,

7. Students with Educational Income - count portion of loans, grants, scholarships and other educational benefits not excluded (FS 444-7).

Same

8. Money that is legally due the household which is diverted to a third party to pay household expenses is counted as income.

EXAMPLES:

- a. Diversion of all or part of an TANF or PaS grant to a landlord;
- b. that portion of a UIB check intercepted by SELU;

NOTE: GA vendor payments are excluded. See FS 555-4.

9. Money that is legally due a household member but is received and used for that household member by a non-household member.

Same

VERIFYING UNEARNED INCOME - Documentary evidence is the primary source of verification. Whenever attempts to verify income have failed for reasons other than client non-cooperation, an amount to be used shall be determined based on the best available information. If verification (other than documentary evidence) is used, the reason why shall be explained in the case file.

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Unearned Income

The following documents are generally available to verify unearned income:

- All types of award letters
- Income tax records
- Support and alimony payments evidenced by court order, divorce or separation papers, or check copies.
- BENDEX and SDX
- Social Security Query Card Response
- Social Security District Office files
- Maine Employment Security Commission
- Worker's Compensation records
- Insurance company records
- GA Agency records (Social Service Agencies)

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TANF or PaSReference

CFR 273.9

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INCOME AND DEDUCTIONS

Excluded Income

GENERAL RULE - All income, except that listed in this section, is counted.

Different
Chapter III

1. Loans - All loans, except loans on which repayment is deferred until completion of that member's education. (A statement signed by both parties indicating the money is a loan is acceptable verification.) For repayment of home equity loans see allowable shelter costs at FS 555-5, Page 5.

Same
Chapter III

2. Certain Vendor Payments
 - a. Money payments by a non-household member which are not legally due the household and are paid directly to a third party for a household's expense. For example, a relative pays the rent or an employer pays the rent in addition to wages.
 - b. AFDC vendor payments made to a third party which are not normally included in the AFDC check or which are over and above the normal AFDC payment (currently, Maine does not restrict any part of AFDC assistance to a vendor payment; therefore, this exclusion does not apply to AFDC in Maine).
 - c. Vendored assistance from state or local programs which provide no cash assistance. This includes General Assistance vendor payments made to a third party after July 31, 1991. Effective June, 1991 all General Assistance payments must be made in the form of a third party vendor payment, and are excluded under provisions of the Food Stamp Act beginning August, 1991.
 - d. When a court has ordered a vendor payment in lieu of a direct payment, it is not counted.

Garnished wages are counted.

Different
Chap. II, Sec. C,
etc.

3. Income in Kind - Any gain or benefit which is not money such as shelter provided by an employer or a landlord, produce from a garden, clothing, etc.

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INCOME AND DEDUCTIONS

Excluded Income

4. Repayments_- Monies withheld or returned from an assistance payment, earnings, or other source to repay a prior overpayment.

EXCEPTION: Count the gross amount when the overpayment is the result of an intentional violation in a means-tested program, such as TANF/PaS and SSI. An intentional violation in TANF/PaS must be determined by a court or an administrative hearing. It can be determined by the signing of a waiver.

5. Child Support Payments - Received by TANF/PaS recipients that are turned over to the Department of Human Services.
6. Excluded Reimbursements and Allowances - Payments which do not exceed the actual costs for job-related or training-related expenses, medical expenses, or dependent care expenses. This includes allowances from ASPIRE/JET and WIA.
7. Third-Party Payments - Monies received and used for the care of a third-party beneficiary who is not a household member.

NOTE: Payment made to both household/non-household members. Identify and exclude any portion of the payment intended and used for the care and maintenance of the non-household member. If the non-household member's portion cannot be identified, prorate the payment among intended beneficiaries. Apply the exclusion to the member's prorated share or the amount actually used for the non-household member's care and maintenance, whichever is less. This does not apply to TANF/PaS payments (FS 555-1).

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TANF/PaS: III Med: 2320, 3430 CFR 273.9(c)

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INCOME AND DEDUCTIONS

Excluded Income

8. Earned income of an elementary or secondary school student 17 years of age or younger who lives with his or her natural, adoptive, or stepparent, or who is living under the parental control of a household member other than a parent.

An elementary or secondary school student is someone who attends elementary or secondary school enough time for that person's state or local school district to consider the person a "student". This includes a student who attends GED or home-school classes recognized, operated, or supervised by the student's state or local school district.

The exclusion of this income will not be altered by semester breaks, summer vacations, etc., provided the student will resume enrollment after the break (FS 444-7).

NOTES: The student's income will be excluded until the month following the month in which the student turns eighteen for both new applicants and students who turn eighteen during the certification period.

If the household receives one payment for work performed by all members and the student's portion is not defined, divide the income equally among the number of household members working and exclude portion allotted to the student.

9. Losses from Farming Enterprise (FS 444-2)
10. Nonrecurring Lump-Sum Payments are excluded. Treat as assets.

Some examples are:

Income tax refunds, including EITC., Alternative Aid and Emergency Assistance payments. That portion of retroactive lump-sum Social Security, SSI, railroad retirement or insurance settlements intended to cover a period prior to the budget month.

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NOTE: That portion of an TANF or PaS retroactive payment which covers a period prior to the payment month is treated as an asset, rather than income. The same is true of a nonrecurring SELU pass through and gap payment which is for a prior period.

11. Specified Student Income Exclusions - See FS 444-7.
12. Wages from Youth Employment and Training programs under Title IV of CETA are excluded.
13. Certain cash donations, based on need, received on or after February 1, 1988 from one or more private, nonprofit charitable organizations. The first \$300 of such cash donations per federal fiscal year quarter shall be excluded.

NOTE: FY Quarters are as follows Jan. - Mar., April - June, July - September, and October - December.

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INCOME AND DEDUCTIONS

Excluded Income

14. Income excluded by Federal statute such as:

- a. Energy Assistance - Payments or allowances made under any federal energy assistance law except that provided under Title IV-A (Welfare Block Grant). Beginning 8/1/94, Department of Housing and Urban Development (HUD) and Farmer's Home Administration (FmHA) utility payments and reimbursements are considered federal energy assistance.

NOTE: If a household incurs utility expenses in excess of the HUD or FmHA utility payments or reimbursement, it is entitled to claim the appropriate utility standard or actual costs, whichever is higher (see FS-555-5).

NOTE: An expense paid on behalf of the household under state law to provide energy assistance is considered an out of pocket expense incurred and paid by the household.

- b. Workforce Investment Act (WIA) payments

NOTE: Payments from WIA's on-the-job training program (OJT) count as income unless they are received by dependents less than 19 years old or, regardless of age, unless they are received by participants in the Summer Youth Employment and Training Program and comparable summer youth employment and training programs under Americorps.

- c. VISTA - These payments will be excluded only if the recipient was receiving FS or public assistance at the time he joined VISTA. Temporary interruptions in FS participation do not change the exclusion once an initial determination of exemption has been made. Applicants not receiving public assistance or FS when they joined VISTA will have VISTA payments counted as earned income.

EXCEPTION: VISTA volunteers who were receiving FS prior to January 1, 1979, will continue to have VISTA income excluded.

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INCOME AND DEDUCTIONS

Excluded Income

- | | | |
|---------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Same
Chapter III | d. | National Older Americans Volunteer Programs (not all inclusive) -

- Retired Senior Volunteer Program (RSVP)
- Foster Grandparent Program
- Older American Community Service Programs
- Senior Health Aides and Senior Companions
- Service Corps of Retired Executives (SCORE)
- Active Corps of Executives (ACE) |
| Same
Chapter III | e. | Payments Under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. |
| Same
Chapter III | f. | Women, Infants and Children (WIC) Program |
| Same
Chapter III | g. | Special Indian Payments - Excluded by law, such as payments under the Maine Indian Land Claims Settlement Act. |
| | h. | Wages under the Community Service Employment Program of the Older Americans Act are excluded (Retroactive to 10/1/87). |
| Same
Chapter III | i. | Payments made from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the Agent product liability litigation. This exclusion is retroactive to January 1, 1989. |
| Same
Chapter III | j. | Federal EITC is excluded as income whether received as advanced payment in weekly wages or received in one sum after filing annual income tax return. |
| Different | 15. | Amounts necessary for the fulfillment of a plan to achieve self support (PASS) excluded by the Social Security Administration in figuring SSI payments are excluded for food stamps, also. |

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16. State or federal one-time assistance for weatherization or emergency repair or replacement of an unsafe inoperative or other heating or cooling device is excluded.
17. Matching awards of Savings Offer Success (SOS) made by Rural Opportunities, Inc. (ROI) to households that participate in their program are to be excluded as income and as a resource. The individual's contribution is not excluded as a resource.

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TANF or PaS Reference

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INCOME AND DEDUCTIONS

Deductions

Different
Chapter III

GENERAL RULE - Allow certain expenses to be deducted from countable income. These expenses must be incurred by the household. They shall only be deductible if the service is provided by someone outside the household.

Only the following are allowed:

1. Earned income deduction
2. Standard deduction
3. Excess medical deduction (elderly and disabled only)
4. Dependent care deduction
5. Legally obligated child support payment deduction
6. Excess shelter deduction

Determine deductible expenses prospectively.

EARNED INCOME DEDUCTION:

Different
Chapter III

Deduct 20% of total gross earnings.

Exceptions: the earned income deduction is not allowed for that portion of earned income.

- * earned under a work supplementation or support program that is attributable to public assistance; or,
- * which the household failed to report in a timely manner (when determining an overissuance).

NOTE: Workfare assistance payments are considered unearned income and not subject to this deduction.

STANDARD DEDUCTION:

Not Applicable

Deduct \$134 for each household. This amount is adjusted by federal law each October.

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INCOME AND DEDUCTIONS

Deductions

EXCESS MEDICAL DEDUCTION:

Not Applicable

Allow medical expenses, excluding special diets, incurred by elderly or disabled persons only (FS 999-1). Deduct non-reimbursable allowable medical expenses which exceed \$35.00 per month per household.

Allowable medical costs are:

1. Dental and medical care. Also, psychotherapy and rehabilitation services by qualified health professionals.
2. Hospitalization, outpatient treatment, nursing care and nursing home care (including payments for persons who were household members immediately prior to entering a hospital or nursing home) recognized by the State.
3. Prescription drugs when prescribed by a licensed practitioner and other over the counter medication (including insulin) when approved by a licensed practitioner or other qualified health professional; in addition, costs of medical supplies, sick room equipment (including rented) or other prescribed equipment.
4. Medicare premiums, health and hospitalization insurance policy premiums.

EXCEPTION: Health and accident policies (such as those payable in lump-sum settlements for death or dismemberment), or Family Independence policies are not allowed.

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5. Dentures, hearing aids and prosthetics.
6. Securing and maintaining a seeing eye or hearing ear dog. Dog food and veterinarian bills are allowed.
7. Prescription eye glasses.
8. Costs of transportation and lodging for person obtaining medical treatment. Allow costs for an attendant when necessary.

NOTE: For transportation costs, actual verified costs or the standard mileage allowance may be used. The Maine state employee mileage allowance reimbursement rate is the amount to be used if the standard mileage allowance is claimed.

9. Costs of attendant, homemaker, home health aide, child care services or housekeeper necessary because of age, infirmity or illness. Also, deduct an amount equal to the one-person coupon allotment if the household provides the majority of the attendant's meals. If the attendant care costs qualify under both medical and dependent care deduction, allow as a medical deduction.

VERIFICATION: Household must verify medical expenses before they are allowed. Copies of paid or unpaid bills are sufficient.

DEPENDENT CARE DEDUCTIONS:

Beginning 9/1/94, allow costs up to \$200 a month for each dependent child under 2 years of age and \$175 for each other dependent when care is necessary for a household member to

1. accept or continue employment.
2. seek employment
3. attend training or schooling in preparation for employment.

NOTE: If the child's second birthday is reached within the certification period, the \$200 maximum dependent care deduction shall be adjusted no later than the household's next regularly scheduled recertification.

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LEGALLY OBLIGATED CHILD SUPPORT PAYMENT DEDUCTION:

Different
Chapter III

Beginning 9/1/94, deduct legally obligated child support payments made by a household member to or for an individual who is not a member of the household.

NOTE: The deduction is allowed when a child support payment is-made to an individual or an agency outside the household even if the child for whom the support is paid is a household member. However, child support paid by a household member which is received by a member of that household will not be allowed as a child support deduction or counted as child support income (e.g., child support arrearage that is paid to the state by a household member and is forwarded by the state to a child entitled to the support payment who resides in that household is not counted as a deduction to the payer of the child support or counted as income to the child).

Allow legally obligated child support payments which are:

1. payments made for current obligation.
2. payments made for unmet past obligation.
3. in-kind payments if the in-kind nature of the payment is ordered by the court or administrative child support hearing (ex. the court ordered the individual to pay for a child's health insurance).

Verification: Household must verify child support payments and that they are legally obligated before they are allowed. Copies of legal proceedings, canceled checks, signed statements from payee, and information from the Division of Support Enforcement and Recovery are sufficient.

Do not allow:

1. child support payments which are not legally obligated (ex. voluntary payments).
2. child support payments which divert from the court order (ex. purchasing clothing instead of paying the \$50/wk ordered by the court).
3. spousal or any other non-child support payments.
4. child support collected through tax intercept.

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TANF: N/A

Med: 4220

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HOMELESS SHELTER DEDUCTION:

Beginning 11/96, homeless households which incur or reasonably expect to incur shelter costs during a month shall be eligible for a \$143 per month deduction unless higher shelter cost can be verified. **Notice:** This is a deduction and no longer a shelter expense.

EXCESS SHELTER DEDUCTION:

Excess shelter costs are those over 50% of the household's income after all other deductions. Shelter deduction cannot exceed \$300. **Effective October, 2001, the Excess Shelter deduction cannot exceed \$354. This applies to those households that have a new certification period as of March, 2001 or later.**

EXCEPTION: No maximum shelter cap applied to households with one or more elderly or disabled persons (FS 999-1).

NOTE: For households with members who are non-citizens funded by Federal and State funds see Sect. 444-11.

Allowable shelter costs are:

1. rent, mortgage, or other continuing charges leading to ownership of shelter occupied by household. Security deposits are not allowed. Condominium fees are allowed. Condominium association fees, if required, are also allowed. *Payments on second mortgages and home equity loans are allowable shelter costs.*
2. property taxes, state and local assessments, and insurance on the structure. DO NOT allow separate costs for insuring furniture or personal belongings.
3. electricity, gas, heating/cooling costs, cooking fuel, water, sewer, trash collection, basic fee (and tax on basic fee) for one telephone and initial installation of utilities.
4. charges for repair of home when damaged by natural disaster, unless reimbursed by private or public relief agencies, insurance, etc.

**DEPARTMENT OF HUMAN SERVICES
FAMILY INDEPENDENCE
FOOD STAMPS**

TANF/PaS: N/A Med: Appendix C

CFR 273.9(d)

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INCOME AND DEDUCTIONS

Deductions

UTILITY EXPENSES:

Give households the option of using the standard utility allowance (SUA) or actual utility expenses as deductions. Households which receive HEAP or ECIP assistance are automatically entitled to the Full Standard Utility Allowance (FSUA). Other households must incur expenses for heating or air conditioning bills which are separate and apart from rent/mortgage in order to qualify for the FSUA.

The household shall be allowed to switch between actual expenses and the standard at the time of re-determination. If a household moves during the certification period, the household may choose between the standard and actual utility costs.

FULL STANDARD UTILITY ALLOWANCE (FSUA) IS \$401

A household that incurs these expenses on an irregular basis is eligible to use the full standard allowance between billing periods. A household which lives in a public or private rental unit which has central utility meters and charges the household only for excess heating or air conditioning costs shall not be permitted to use the full FSUA. When someone outside the household is paying the entire cost of heating/cooling, and the payment is excluded as a vendor payment, the FSUA shall not be allowed.

NOTE: Assistance from HEAP or ECIP automatically entitles the household to the FSUA. If the assistance is shared see below. This policy is retroactive to 10/90.

SHARING

If a household lives with, and shares utility expenses with another household or households, the FSUA is *prorated* among all of the households that pay utilities separately from the rent. This applies regardless of whether or not the others are participating in the FS Program. If each household receives a HEAP or ECIP payment, the FSUA is *prorated*. For example, proration would be necessary if one HEAP or ECIP payment is received by two or more households or if two or more HEAP or ECIP payments are received by two or more households.

DO NOT allow the FSUA when utility expenses are included in the rent, unless the household anticipates receiving assistance from HEAP or ECIP (use the Excess Shelter Deduction Handbook for guidance).

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INCOME AND DEDUCTIONS

If the entitlement to the FSUA is based on receipt of a HEAP or ECIP payment, the Eligibility Specialist must anticipate with reasonable certainty if such a payment will be received. This determination must be made on an individual household basis using the best available information. The following are some guidelines which may be used:

- If a household does not incur any direct or indirect energy costs, it does not plan to apply for a HEAP or ECIP payment, or there are no HEAP/ECIP funds left for the period in question, it is very unlikely that the household will receive a HEAP/ECIP payment.
- If the household incurs energy costs, it plans to apply for a HEAP/ECIP payment, HEAP/ECIP funds are available, and the household is receiving Food Stamps, it is likely that a HEAP/ECIP payment will be received. Households in which one or more individuals are receiving TANF, SSI, Food Stamps, or certain needs - based veterans' and survivors' payments do not have to meet the income test that other HEAP/ECIP applicants must meet.
- If a household received a HEAP/ECIP payment last year and there is no indication that the household's financial circumstances will change, assume that the household will continue to be eligible for a HEAP/ECIP. Determine if the household plans to apply for HEAP/ECIP benefits and if it is likely that funds will be available.
- If a household received a HEAP/ECIP benefit last year and anticipates receipt of one this year, the household's entitlement to the FSUA shall continue.
- If the household anticipates receipt of HEAP/ECIP benefits this year and appears to be eligible, allow the use of the FSUA even if the household said it was going to apply for HEAP/ECIP benefits last year but did not.
- If eligibility for the FSUA is dependent on receipt of a HEAP/ECIP payment and anticipation with reasonable certainty that the household will receive another HEAP/ECIP payment cannot be determined, a certification period may be assigned which runs concurrently with the period of the household's eligibility for HEAP/ECIP benefits.

Households whose units are metered separately or where they are otherwise able to provide verification that they are charged separately for heat and/or air conditioning shall be allowed the FSUA.

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TANF/PaS Reference

CFR 273.9(d)

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INCOME AND DEDUCTIONS

Deductions

Households living in a public housing unit which has central utility meters and are charged only for excess utilities costs are not allowed the FSUA, but are allowed the excess amount incurred.

NON-HEAT UTILITY ALLOWANCE (NHUA) IS \$162

Households not entitled to the FSUA may claim the actual expenses incurred or elect to use the non-heat utility allowance (NHUA) provided they incur at least two of the following expenses: cooking, lights, water, sewer, trash and garbage collection, or telephone. Expenses for trash and garbage collection include the costs of trash bags, land fill fees, etc.

If a household has only one of the above expenses, actual expense must be used.

TELEPHONE ONLY UTILITY ALLOWANCE (PHUA) IS \$27

Households not entitled to the FSUA or the NHUA are entitled to the telephone only utility allowance (PHUA) if they incur telephone expenses. Telephone expenses include basic line charges, etc. They also include cellular phone fees if the household only has cellular phone(s) and telephone cards if this is the household's only means of telephone communication. The option of claiming actual telephone costs is not allowed.

NOTE: The cost of telephone service has already been included in figuring the FSUA and NHUA amounts.

SHARED RESIDENCE:

Divide the appropriate utility allowance equally among the parties who pay for the cost, whether or not they participate in the program. Use this prorated share as the household's utility allowance.

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TANF or PaS Reference

CFR 273.9(d)

Section: **FS-555-5****INCOME AND DEDUCTIONS****Deductions****USE OF RESIDENCE FOR SELF EMPLOYMENT**

That portion of the shelter costs used as self-employment expenses (FS 444-2) cannot be used as shelter expenses.

Unless the utility expense is measured and billed separately, the household cannot receive a standard utility allowance (SUA) if the utility expense is used as a self-employment expense.

EXCEPTION: If the household charges the renter for utilities separately from rent (either actual, a percentage, or a flat amount), the SUA or actual costs are prorated between the renter and the household and allowed as shelter costs. The renter's utility payment to the household is counted as income to the household, and the household is entitled to a self-employment exclusion in this amount for the costs of providing utilities to the renter.

Not Applicable

HOME TEMPORARILY VACATED:

Allow additional shelter costs for a home temporarily vacated by the household because of employment or training, illness, natural disaster or casualty loss ONLY if

Not Applicable

1. household intends to return.
2. current occupants are not claiming shelter costs for FS purposes.
3. home is not leased or rented while household members are absent.

NOTE: Verification of actual utility costs for unoccupied homes is required if it would result in a deduction. The SUA shall not be allowed for unoccupied homes.

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TANF or PaS Reference

CFR 273.9(d),273.10(d)(1)(i)

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INCOME AND DEDUCTIONS

Deductions

**HANDLING OF EXPENSES AND LEGALLY OBLIGATED CHILD
SUPPORT PAYMENTS:**

Different
Chapter III

1. Except when expenses are averaged, a deduction is allowed only in the month the expense is billed or otherwise becomes due, regardless of when the household plans to pay the expense. For example, rent which is due each month shall be included even if the expense is not yet paid. Amounts from past billing periods are not deductible.
2. A legally obligated child support payment deduction is allowed in the month the payment is made, or averaged over the certification period, regardless of when the payment was owed or otherwise became due. Payments made for unmet past obligations are deductible.
3. Deductible expenses and legally obligated child support payments must be payable to someone outside the household.
4. Fluctuating expenses may be averaged. Expenses which are billed less often than monthly may be averaged forward over the interval between scheduled billings or if there is no schedule over the period the expense is intended to cover. Onetime only medical expenses may be averaged over the certification period or in the instance of installment purchases over the life of the repayment schedule. Interest, carrying charges insurance, or penalties are not allowable expenses. (Interest portions of mortgage payments are allowable.)

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TANF or PaS Reference

CFR 273.9(d),273.10(d)(1)(i)

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INCOME AND DEDUCTIONS

Deductions

Both one time and recurring medical expenses that are reported and verified at certification or recertification and which are reasonably anticipated to occur in the certification period shall be allowed. Further reporting or verification of any change in medical expenses during the certification period is no longer required. However, should a change be reported and verified, that change shall be processed according to change processing policy (see FS-666-6). If the agency finds out about a change in medical expenses from a source other than the household (e.g. Medicaid in an office with generic workers), the agency shall act on the change if it is considered verified upon receipt and the agency can act on it without contacting the household for additional information or verification. If the change would require the agency to contact the household, the agency would not act on the change during the certification period.

One time only medical expenses and legally obligated child support payments which are reported during the certification period may be treated as a one time only deduction or averaged over the remaining months of the certification period or the installment contract. Averaging would begin the month the change would become effective. If the change cannot be reflected within the certification period, a supplemental allotment shall be issued.

5. That portion of the household's shelter expenses which has been allowed as a cost of doing business shall not be considered as a deductible shelter expense.
6. That portion of the household's shelter expense which is paid in the form of an excluded vendor payment shall not be allowed. Shelter or expenses paid via a countable vendor payment shall be allowed.

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TANF or PaS Reference

CFR 273.9(d),273.10(d)(1)(i)

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INCOME AND DEDUCTIONS

Deductions

7. The household's expenses shall be calculated based upon the expenses expected to be billed during the certification period. Anticipation of the expense shall be based upon the most recent month's bills unless it is reasonably certain that a change will occur. Changes may also be anticipated based on last year's bills for the same period updated to reflect overall price changes. Averaging past expenses, such as utility bills, for the last several months as a method of anticipating is not allowed.
8. The household's legally obligated child support payments shall be calculated based upon the payments expected to be made during the certification period. Anticipation of the payment shall be based upon the most recent two months payments unless it is reasonably certain that a change will occur.
9. Expenses billed and legally obligated child support payments made weekly are converted by multiplying weekly amounts by 4.3 and bi-weekly amounts by 2.15.

VERIFICATION:

Utility expenses must be verified if household claims expenses in excess of standard and this would result in a deduction. Also, verify if shelter expenses are questionable.

A move to a new residence requires reassessment of shelter expenses, including utilities.

VERIFICATION AT REDETERMINATION:

Verify actual utility expenses if the household claims expenses in excess of the SUA.

DO NOT ALLOW

- a. past due bills or amounts carried forward.
- b. questionable expenses not verified - if not allowed, document the reason.
- c. expenses paid by excluded vendor payment.
- d. costs that will be reimbursed.
- e. security deposits.

DO ALLOW

Expenses paid by a countable vendor payment (payments to which the household is otherwise entitled).

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TANF or PaS: IV Med: N/A

CFR 273.10(e)

Section: **FS-555-6**

INCOME AND DEDUCTIONS

Calculating Eligibility and Monthly Benefit

Different
Chap. II, Sec. D,

Add the household's total countable prospective gross income and compare it to the gross income standard (FS 000-1).

EXCEPTION: Households containing an elderly or disabled person are not subject to the gross income test.

If eligible, follow this step-by-step procedure for calculating net monthly income and benefits.

1. Add the gross earned income of all household members (FS 555-2).
2. Subtract 20% (FS 555-5).
3. Add unearned income of all household members (FS 555-3).
4. Subtract the standard deduction (FS 555-5).
5. If the household contains an elderly or disabled person, subtract that person's non-reimbursable medical expenses in excess of \$35.00 a month per household (FS 555-5).
6. Subtract dependent care expense.
7. Subtract legally obligated child support payments.
8. Subtract homeless shelter deduction to determine adjusted net income (FD-555-5).
9. Determine total shelter costs (FS 555-5).
10. Subtract half the adjusted net income from the shelter costs to determine the shelter deduction.

DEPARTMENT OF HUMAN SERVICES**FAMILY INDEPENDENCE
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TANF or PaS: IV Med: N/A

CFR 273.10(e)

Section: **FS-555-6**

INCOME AND DEDUCTIONS

Calculating Eligibility and Monthly Benefit

11. Subtract the shelter deduction up to the cap from the adjusted net income to determine the net food stamp income (NFSI) (FS 555-5).

EXCEPTION: There is no shelter cap for a household containing an elderly or disabled person.

12. Compare NFSI to the net income standard (FS 000-1).

13. If eligible, determine the benefit by subtracting 30% of the NFSI from the Thrifty Food Plan for that size household (FS 000-1).

EXCEPTION: Except for the initial month, eligible one and two member households shall be entitled to a minimum allotment of \$10.00.

14. The allotment to be issued for the initial month shall be prorated from the date of application, using the "Table of Percentages for First Month Benefit" chart at FS 555-7, page 2. When the resulting allotment ends in 1 through 99 cents, round down to the nearest whole dollar.

NOTE: For migrant and seasonal farmworker households which previously participated in the Food Stamp Program, benefits are prorated only if there was a break of more than one month since their last participation. For all other households benefits are prorated if there is any break in participation (e.g., a recertification submitted after the certification period has expired)..

REMINDER: Benefits are not prorated if the household timely reapplies for recertification but the agency causes the delay.

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TANF/PaS: IVMed: N/A

CFR 273.10(e)

Section: **FS-555-6**

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INCOME AND DEDUCTIONS

Calculating Eligibility and Monthly Benefit

15. An eligible household which applied after the 15th of the month shall be issued an allotment which represents the initial month's allotment plus the first regular month's allotment.

NOTE: If a household reapplies with less than a 30 day break since previous participation, the resulting benefits are not an "initial" issuance and do not qualify for the combined two month allotment provision.

16. No allotment for the initial month shall be issued if the value is less than \$10.00.
17. No initial month's allotment is to be reduced to pay off a claim without the household's permission.

BUDGET WORKSHEET

CASE NAME _____ CASE I.D. NO: _____

GROSS MONTHLY EARNINGS

<u>NAME</u>	<u>AMOUNT</u>		
_____	\$ _____		
_____	\$ _____		
_____	\$ _____		
TOTAL	\$ _____	TOTAL GROSS EARNINGS	\$ _____
x .20		LESS 20 PERCENT	\$ _____
=	\$ _____	NET EARNED INCOME	\$ _____

UNEARNED MONTHLY INCOME

<u>TYPE</u>	<u>AMOUNT</u>	<u>ADD TOTAL UNEARNED INCOME</u>	<u>\$</u>
TANF or PaS	\$ _____	TOTAL EARNED AND UNEARNED	
UIB	\$ _____	LESS STANDARD DEDUCTION	\$ _____
SSA	\$ _____	SUBTOTAL	\$ _____
SSI	\$ _____	LESS EXCESS MEDICAL EXPENSE	\$ _____
OTHER	\$ _____	SUBTOTAL	\$ _____
TOTAL	\$ _____	LESS DEPENDENT CARE (TO CAP)	\$ _____
		PER DEPENDENT	\$ _____
		SUBTOTAL	\$ _____
		LESS LEGALLY OBLIGATED CHILD	\$ _____
		SUPPORT PAYMENTS	\$ _____
		LESS HOMELESS SHELTER DEDUCTION	\$ _____
		NET INCOME BEFORE SHELTER	\$ _____

MONTHLY MEDICAL EXPENSES

(AGED/DISABLED ONLY)

<u>TYPE</u>	<u>AMOUNT</u>		
_____	\$ _____	TOTAL SHELTER	\$ _____
_____	\$ _____	LESS 50% NET INCOME	\$ _____
_____	\$ _____	EXCESS SHELTER	\$ _____
_____	\$ _____	LESS SHELTER DEDUCTION	\$ _____
_____	\$ _____	(TO CAP, UNLESS AGED/DISABLED)	\$ _____
_____	\$ _____	NET FOOD STAMP INCOME	\$ _____
TOTAL	\$ _____		
LESS	\$ 35.00		
= EXCESS MEDICAL	\$ _____		

SHELTER EXPENSES

<u>TYPE</u>	<u>AMOUNT</u>	<u>THRIFTY FOOD PLAN</u>	
RENT	\$ _____	FOR _____ PERSONS	\$ _____
MORTGAGE	\$ _____	LESS 30% OF NFSI (ROUND UP)	\$ _____
TAXES	\$ _____	MONTHLY BENEFIT	\$ _____
INSURANCE	\$ _____		
SUA OR	\$ _____	PRORATION	
UTILITIES AS BILLED	\$ _____	MONTHLY BENEFIT	\$ _____
TOTAL	\$ _____	x PRO-RATE FACTOR	\$ _____
		= FIRST MONTH BENEFIT	\$ _____

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TANF or PaS Reference
Same

CFR 273.10

Section: **FS-555-7**

Chap. II, Sec. D

Table of Percentages for First Month Benefit

28-Day Month Day Percent		29-Day Month Day Percent		30-Day Month Day Percent		31-Day Month Day Percent	
1	100.00	1	100.00	1	100.00	1	100.00
2	96.43	2	96.55	2	96.67	2	96.77
3	92.86	3	93.10	3	93.33	3	93.55
4	89.29	4	89.66	4	90.00	4	90.32
5	85.71	5	86.21	5	86.67	5	87.10
6	82.14	6	82.76	6	83.33	6	83.87
7	78.57	7	79.31	7	80.00	7	80.65
8	75.00	8	75.86	8	76.67	8	77.42
9	71.43	9	72.41	9	73.33	9	74.19
10	67.86	10	68.97	10	70.00	10	70.97
11	64.29	11	65.52	11	66.67	11	67.74
12	60.71	12	62.07	12	63.33	12	64.52
13	57.14	13	58.62	13	60.00	13	61.29
14	53.57	14	55.17	14	56.67	14	58.06
15	50.00	15	51.72	15	53.33	15	54.84
16	46.43	16	48.28	16	50.00	16	51.61
17	42.86	17	44.83	17	46.67	17	48.39
18	39.29	18	41.38	18	43.33	18	45.16
19	35.71	19	37.93	19	40.00	19	41.94
20	32.14	20	34.48	20	36.67	20	38.71
21	28.57	21	31.03	21	33.33	21	35.48
22	25.00	22	27.59	22	30.00	22	32.26
23	21.43	23	4.14	23	26.67	23	29.03
24	17.86	24	0.69	24	23.33	24	25.81
25	14.29	25	7.24	25	20.00	25	22.58
26	10.71	26	3.79	26	16.67	26	19.35
27	7.14	27	0.34	27	13.33	27	16.13
28	3.57	28	6.90	28	10.00	28	12.90
		29	3.45	29	6.67	29	9.68
				30	3.33	30	6.45
						31	3.23

